

Message Text

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PAGE 01 MOSCOW 10098 141141Z
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C O N F I D E N T I A L MOSCOW 10098

EO 11652: GDS
TAGS: ENRG UR
SUBJECT: URENGOY GAS FIELD DEVELOPMENT

REF: MOSCOW 3202

SUMMARY: A JULY 13 TRUD ARTICLE SAYS THAT DEVELOPMENT OF THE LARGE URENGOY GAS FIELD IS BEING HAMPERED BY INADEQUATE LOGISTIC SUPPORT AND POOR INTER-MINISTRY COORDINATION. SUPPLY VIA RAILWAY, SURFACE ROAD AND AIR TRANSPORT IS NON-EXISTENT OR INADEQUATE, AND MANY CONSTRUCTION PROJECTS HAVE BEEN DELAYED AS A RESULT. RESPONSIBLE MINISTRIES HAVE BEEN SLOW TO CORRECT DEFICIENCIES. (COMMENT: IF SUPPLY BOTTLENECKS ARE SERIOUSLY HAMPERING INSTALLATION OF ACTUAL GAS EXTRACTION FACILITIES, SOVIET GAS PRODUCTION PLANS FOR 1978 WHEN URENGOY IS TO COME ON STREAM AND THEREAFTER COULD BE THREATENED.) END SUMMARY.

1. THE JULY 13 TRUD INDICATES THAT DEVELOPMENT OF THE HUGE URENGOY GAS FIELD IN WEST SIBERIA IS SUFFERING FROM SERIOUS SUPPLY BOTTLENECKS. AN ARTICLE BY THE DIRECTOR OF SUBCONTRACTING WORK FOR TYUMEN OBLAST OIL AND GAS CONSTRUCTION COMPLAINS THAT LACK OF INTER-MINISTRY COORDINATION HAS SLOWED BOTH ESTABLISHMENT OF EFFICIENT TRANSPORTATION TO URENGOY AND DELIVERY OF IMPORTANT EQUIPMENT AND MATERIALS. TIMETABLES FOR SEVERAL CONSTRUCTION PROJECTS HAVE BEEN DELAYED FOR MONTHS AS A RESULT.

CONFIDENTIAL

PAGE 02 MOSCOW 10098 141141Z

TION HAS SLOWED BOTH ESTABLISHMENT OF EFFICIENT TRANSPORTATION TO URENGOY AND DELIVERY OF IMPORTANT EQUIPMENT AND MATERIALS. TIMETABLES FOR SEVERAL CONSTRUCTION PROJECTS HAVE BEEN DELAYED FOR MONTHS AS A RESULT.

2. THE TRUD ARTICLE SAYS THAT URENGOY HAS RESERVES OF 10 TRILLION CU.M. (WE PRESUME A PLUS B PLUS C -1 PLUS C-2), AND

TO TO PRODUCE 15.5 BILLION CU.M. IN 1978. ITS TOTAL PRODUCTION LIFE IS PUT AT 15-20 YEARS. HOWEVER, TRUD REPORTS THAT THE FIELD IS EXPERIENCING SOME DIFFICULTY IN COMING ON STREAM.

3. THE PACE OF CONSTRUCTION "IS TOO SLOW," TRUD ARGUES, PRIMARILY BECAUSE URENGOY IS NOT PRESENTLY SERVED BY RAILROADS, ALL-WEATHER ROADS AND REGULAR AIR TRANSPORT. SINCE ALL FACILITIES AT THE FIELD-INCLUDING HOUSING AND SCHOOLS-MUST BE BUILT FROM SCRATCH, A RELIABLE LOGISTICS CAPABILITY IS ESSENTIAL. YET TRUD REPORTS THAT ROADS AND RAILROADS PLANNED TO LINK URENGOY WITH THE MEDVEZHYE GAS FIELD AND THE CITY OF SURGUT ARE SERIOUSLY BEHIND SCHEDULE. LACK OF CONSTRUCTION PLANS, SKILLED WORKERS AND OVERALL COORDINATION BETWEEN RESPONSIBLE MINISTRIES IS BLAMED. ALL-WEATHER AIRFIELDS FOR URENGOY ARE ALSO ABSENT, AS ARE ROADS LINKING GAS PRODUCTION SITES WITHIN THE FIELD ITSELF.

4. TRUD STATES THAT URENGOY URGENTLY NEEDS A MAJOR REPAIR BASE FOR TRANSPORT VEHICLES AND AN ADEQUATE AIRFIELD. THE GAS FIELD ALSO REQUIRES IMMEDIATE IMPROVEMENT IN TELEPHONE AND TELEGRAPH COMMUNICATION, WHICH IS ESSENTIAL TO AIDING ITS COMPUTATION CENTER IN SOLVING EVERYDAY WORK PROBLEMS. AS YET THE MINISTRY OF COMMUNICATIONS HAS NOT ACTED. URENGOY LIKEWISE IS SHORT OF ADDITIONAL EXCAVATION AND PIPE-LAYING EQUIPMENT AND TRACTORS SUITED

CONFIDENTIAL

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PAGE 03 MOSCOW 10098 141141Z

FOR OPERATION IN MARSHES.

5. SUCH SHORTCOMINGS HAVE HURT THE FIELD'S DEVELOPMENT. OF THE ESTIMATED 640 MILLION RUBLES THAT URENGOY'S "FIRST STAGE" (POSSIBLY 1976-80 CONSTRUCTION) WILL COST, REPORTS TRUD, ONLY 34 MILLION RUBLES OF CONSTRUCTION HAD BEEN

COMPLETED BY JANUARY 1977. NOR MANY THE SITUATION QUICKLY IMPROVE. BECAUSE OF SLOW TRANSPORT, PLANS FOR MANY CONSTRUCTION PROJECTS ARE NEEDED TWO YEARS BEFORE CONSTRUCTION BEGINS. BUT THE MINISTRIES HAVE BEEN TARDY IN PREPARING PLANS, PUSHING BACK CONSTRUCTION SCHEDULES EVEN FURTHER.

6. COMMENT: THIS IS ONE OF THE FIRST EXTENSIVE REPORTS BY THE SOVIET PRESS ON URENGOY DEVELOPMENT - THE KEY TO GROWTH OF SOVIET GAS OUTPUT THROUGH AT LEAST 1980 AND PROBABLY FOR SEVERAL YEARS THEREAFTER. THE FIELD IS SCHEDULED TO PRODUCE UP TO 65 BILLION CU.M. IN THAT YEAR. HOW SERIOUSLY THE SUPPLY BOTTLENECK IS AFFECTING ACTUAL DRILLING AND RELATED CONSTRUCTION PROJECTS - SUCH AS GAS COLLECTION AND TREATMENT FACILITIES - IS NOT EASILY DETERMINED. THE OVERALL CONSTRUCTION PROBLEM IS NONETHELESS

SUBSTANTIAL AND WILL PROBABLY RAISE URENGOY COSTS ABOVE THE

640 MILLION RUBLES MENTIONED BY TRUD.

7. THE INFRASTRUCTURAL SHORTCOMINGS PLAGUING URENGOY ALSO HAMPERED DEVELOPMENT OF THE NEIGHBORING MEDVEZHYE FIELD IN THE MID-SEVENTIES. WITH SURFACE TRANSPORT SIMILARLY RESTRICTED, MUCH OF THAT FIELD'S SUPPLIES WERE SHIPPED BY AIR - MAINLY HELICOPTER - WHICH ULTIMATELY CONSTITUTED ONE-THIRD OF MEDVEZHYE'S COST. URENGOY MAY FACE A SIMILAR PROSPECT. IF SUPPLY BOTTLENECKS DO AFFECT CONSTRUCTION OF GASWELL-RELATED FACILITIES, URENGOY PRODUCTION MAY GROW MORE SLOWLY THAN PLANNED EVEN IF THE WELLS THEMSELVES ARE COMPLETED. THIS COULD
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CONFIDENTIAL

PAGE 04 MOSCOW 10098 141141Z

THREATEN SOVIET GAS OUTPUT GROWTH IN THE LATE SEVENTIES, SINCE ADDITIONAL GROWTH IN PRODUCTION FROM CURRENTLY PRODUCING FIELDS WILL BE MINIMAL AFT 1977.

8. ALSO OF INTEREST IS THE ARTICLE'S USE OF THE 125-155 BILLION CU.M. RANGE AS THE PLAN FOR WEST SIBERIAN GAS PRODUCTION IN 1980. THE RANGE HAD BEEN DROPPED IN RECENT MONTHS, WITH 155 BILLION GIVEN AS THE TARGET.
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